



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

February 14, 2001

CERTIFIED RETURN RECEIPT
7000 0520 0021 7582 8586

E. M. Buzz Gerick
Vice President of Operations
Western States Minerals Corporation
250 South Rock Boulevard, Suite 118
Reno, Nevada 89502

Re: Approval of Reclamation Surety Release Request, Drum Mine Site, Western States Minerals Corporation (WSMC), M/027/007, Millard County, Utah

Dear Mr. Gerick:

Thank you for your January 15, 2001, letter wherein you formally notified our Division that WSMC has completed its reclamation obligations at the Drum Mine. Pursuant to Section 2 of the Agreement, upon receipt of WSMC's notice, the BLM and Division have 60 days, after consulting with DWQ, to perform pertinent inspections and inform WSMC if we agree that all requirements have been met.

On December 6, 2000, you submitted an itemized invoice requesting payment of the balance of the forfeited Jumbo Mining Company (JMC) reclamation funds and the release of WSMC's reclamation surety bond. By letter dated December 20, 2000, we notified you of remaining concerns involving closure of underground openings in the SWEX Pit. We advised you that we would suspend further processing of your surety release request until we received a reply to this remaining reclamation concern.

Your January 15th letter included another invoice outlining the expenditure of approximately \$10,000 to date in closure costs associated with the underground openings. You also indicated that WSMC is preparing cost estimates and possible contingency plans to address the remaining openings in the SWEX pit. You requested that we proceed to process the balance of the surety release proposal.

Because the matter of the underground openings has not been resolved, the supplemental \$20,000 of Divisions funds agreed to for completing this closure work is being withheld until an agreement can be reached. We are prepared to release the balance of the forfeited Jumbo Mining Company reclamation funds and WSMC's \$264,080 surety bond at this time. We will forward the appropriate paperwork to Robert Kirk of the Utah State Treasurer's Office requesting that he send a check for the balance of the forfeited JMC performance bond to WSMC.

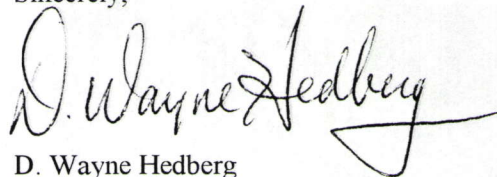
Page 2
E.M. Buzz Gerick
M/027/007
February 14, 2001

Western States original \$264,080 surety bond (Seaboard Surety Company _____) is enclosed with this letter, as you requested. We are also returning an original \$117,000 surety bond # _____ that was issued in 1983 by The American Insurance Company, which was never returned to you when it was replaced by the Seaboard Surety Company bond in 1986.

We have received verbal concurrence from the Bureau of Land Management and the Department of Environmental Quality concerning WSMC's surety release request. We anticipate receipt of written confirmation letters in the near future.

We are quite pleased with the overall land shaping at the site and look forward to next spring, anticipating the success of revegetation efforts. Thank you again for your cooperation and patience in completing the reclamation work at the Drum Mine Site. If you have any further questions or concerns, please contact me at (801) 538-5286

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Reclamation Program

jb

Enclosure: Seaboard Surety Bond _____ and
American Insurance Co. Bond \

cc: John Carmody, WSMC
Sally Wisely, BLM, Utah State Office
Rex Rowley, BLM Field Office Manager
Don Ostler, DWQ
Mary Ann Wright, DOGM
Lori Larson, Seaboard Surety c/o ICS Agency Inc, bond # _____

O:\Drum\M27-07-suretyrel.req

4901 W 77th St. #148
Edina, Minnesota 55435
952-835-4848 ext 542

██████████

██████████

██████████

(August 1985)
(Noncoal)Bond Number _____
Permit Number ACT/027/007STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

RECEIVED

FEB - 3 1986

DIVISION OF OIL
& GAS & MINING

THE MINED LANDS RECLAMATION ACT

BOND
******Released &
returned to operator
2-14-01*

The undersigned WESTERN STATES MINERALS CORPORATION
as principal, and SEABOARD SURETY COMPANY as
surety, hereby jointly and severally bind ourselves, our heirs, administrators,
executors, successors and assigns unto the State of Utah, Division of Oil, Gas
and Mining in the penal sum of TWO HUNDRED SIXTY FOUR THOUSAND EIGHTY AND NO/100
----- dollars (\$264,080.00).

The principal estimated in the Mining and Reclamation Plan filed with the
Division of Oil, Gas and Mining on the 30th day of September
19 85, that 143.7 acres of land will be disturbed
by this mining operation in the State of Utah. A description of the disturbed
land is attached hereto as Exhibit "A."

When the Division has determined that the principal has satisfactorily
reclaimed the above-mentioned lands affected by mining in accordance with the
approved Mining and Reclamation Plan and has faithfully performed all
requirements of the Mined Land Reclamation Act, and complied with the Rules
and Regulations adopted in accordance therewith, then this obligation shall be
void; otherwise it shall remain in full force and effect until the reclamation
is completed as outlined in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
piecemeal or cyclic basis, and the land is reclaimed in accordance with such
plan, then this bond may be reduced periodically.

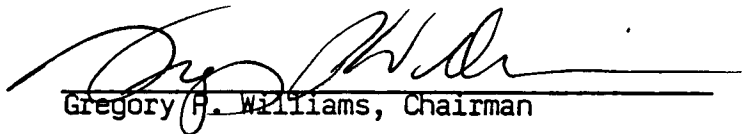
In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

The Division shall only accept the bond of a surety company if the bond is
noncancellable by the surety at any time for any reason including, but not
limited to nonpayment of premium or bankruptcy of the permittee during the
period of liability.

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officer.

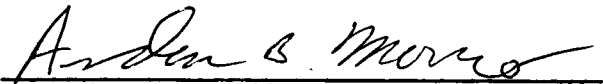
Dated this 30th day of September, 19 85.

State of Utah
Board of Oil, Gas and Mining



Gregory R. Williams, Chairman


WESTERN STATES MINERALS CORPORATION
Principal (Company)

By 

Company Officer - Position
President

Date: September 30, 1985

SEABOARD SURETY COMPANY
Surety (Company)

By 

Surety Company Officer - Position
Timothy J. Wicker, Attorney-in-Fact

DATE: September 30, 1985

APPROVED AS TO FORM:

By 

Assistant Attorney General

AFFIDAVIT OF QUALIFICATION

Timothy J. Wicker, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) Attorney-in-Fact of said Surety Company, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety Company is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations.

SEABOARD SURETY COMPANY

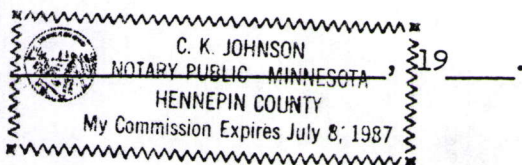
(Signed)

Timothy J. Wicker
Surety Company Officer - Position
Timothy J. Wicker, Attorney-in-Fact

Subscribed and sworn to before me this 30th day of September, 1985.

C. K. Johnson
Notary Public

My Commission Expires:



Certified Copy

SEABOARD SURETY COMPANY

Q 6618

No. 1525

New York, New York

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That SEABOARD SURETY COMPANY, a corporation of the State of New York, has made, constituted and appointed and by these presents does make, constitute and appoint Timothy J. Wicker or Dennis J. Wilder or Sharon Albrecht or Thomas H. Quill

of Minneapolis, Minnesota

its true and lawful Attorney-in-Fact, to make, execute and deliver on its behalf insurance policies, surety bonds, undertakings and other instruments of similar nature as follows:

Without Limitations.

Such insurance policies, surety bonds, undertakings and instruments for said purposes, when duly executed by the aforesaid Attorney-in-Fact, shall be binding upon the said Company as fully and to the same extent as if signed by the duly authorized officers of the Company and sealed with its corporate seal; and all the acts of said Attorney-in-Fact, pursuant to the authority hereby given, are hereby ratified and confirmed.

This appointment is made pursuant to the following By-Laws which were duly adopted by the Board of Directors of the said Company on December 8th, 1927, with Amendments to and including January 15, 1982 and are still in full force and effect:

ARTICLE VII, SECTION 1:

"Policies, bonds, recognizances, stipulations, consents of surety, underwriting undertakings and instruments relating thereto.

Insurance policies, bonds, recognizances, stipulations, consents of surety and underwriting undertakings of the Company, and releases, agreements and other writings relating in any way thereto or to any claim or loss thereunder, shall be signed in the name and on behalf of the Company

(a) by the Chairman of the Board, the President, a Vice-President or a Resident Vice-President and by the Secretary, an Assistant Secretary, a Resident Secretary or a Resident Assistant Secretary; or (b) by an Attorney-in-Fact for the Company appointed and authorized by the Chairman of the Board, the President or a Vice-President to make such signature; or (c) by such other officers or representatives as the Board may from time to time determine.

The seal of the Company shall if appropriate be affixed thereto by any such officer, Attorney-in-Fact or representative."

IN WITNESS WHEREOF, SEABOARD SURETY COMPANY has caused these presents to be signed by one of its Vice-Presidents, and its corporate seal to be hereunto affixed and duly attested by one of its Assistant Secretaries, this 3rd day of May, 1985.



Attest:

(Seal)

Margaret L. Field
Assistant Secretary

SEABOARD SURETY COMPANY,

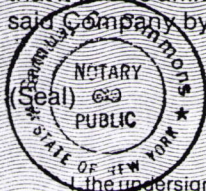
By

Thomas P. Gorke
Vice-President

STATE OF NEW YORK
COUNTY OF NEW YORK

ss.:

On this 3rd day of May, 1985, before me personally appeared Thomas P. Gorke a Vice-President of SEABOARD SURETY COMPANY, with whom I am personally acquainted, who, being by me duly sworn, said that he resides in the State of New Jersey; that he is a Vice-President of SEABOARD SURETY COMPANY, the corporation described in and which executed the foregoing instrument; that he knows the corporate seal of the said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto as Vice-President of said Company by like authority.



SAMUEL C. SIMMONS
Notary Public, State of New York
No. 41-9010912
Qualified in Queens County
Certificate Filed in New York County
Commission expires March 30, 1986

Samuel C. Simmons
Notary Public

CERTIFICATE

I, the undersigned Assistant Secretary of SEABOARD SURETY COMPANY do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this Certificate and I do further certify that the Vice-President who executed the said Power of Attorney was one of the Officers authorized by the Board of Directors to appoint an attorney-in-fact as provided in Article VII, Section 1, of the By-Laws of SEABOARD SURETY COMPANY.

This Certificate may be signed and sealed by facsimile under and by authority of the following resolution of the Executive Committee of the Board of Directors of SEABOARD SURETY COMPANY at a meeting duly called and held on the 25th day of March 1970.

"RESOLVED: (2) That the use of a printed facsimile of the corporate seal of the Company and of the signature of an Assistant Secretary on any certification of the correctness of a copy of an instrument executed by the President or a Vice-President pursuant to Article VII, Section 1, of the By-Laws appointing and authorizing an attorney-in-fact to sign in the name and on behalf of the Company surety bonds, underwriting undertakings or other instruments described in said Article VII, Section 1, with like effect as if such seal and such signature had been manually affixed and made, hereby is authorized and approved."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Company to these presents this 30th day of September, 1985.



April C. L. Hunt
Assistant Secretary

Form 957 (Rev. 7/84)

Called

Western States Minerals Corporation

4975 Van Gordon Street
Wheat Ridge, Colorado 80033
(303) 425-7042
TELEX NO. 450186 West States

February 10, 1986

Pamela Grubaugh-Littig
State of Utah Natural Resources
Oil, Gas & Mining
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RECEIVED
FEB 13 1986

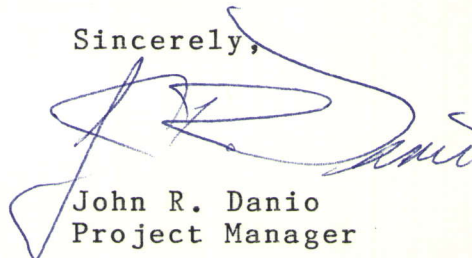
DIVISION OF
OIL, GAS & MINING

Re: Drum Mine
ACT/027/007

Dear Ms. Littig:

A legal description of the distrubed area is: the south east quarter and the south half of the north east quarter of Section 7, Township 15 South, Range 10 West. A site map is included which shows the permit boundary and the existing section corners.

Sincerely,


John R. Danio
Project Manager

JRD/r1p

Enclosure

MR FORM 5

(Revised August 1983)
(Non-Federal)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
4241 State Office Building
Salt Lake City, Utah 84114

THE MINED LANDS RECLAMATION ACT

BOND

*Bond replaced
2-3-86 by
Seaboard Surety Co.
Returned to operator
2/14/01*

The undersigned WESTERN STATES MINERALS CORPORATION
as principal, and THE AMERICAN INSURANCE COMPANY as
surety, hereby jointly and severally bind ourselves, our heirs, administrators,
executors, successors and assigns unto the State of Utah, Division of Oil, Gas
and Mining in the penal sum of One Hundred Seventeen Thousand, and no/100
----- dollars (\$117,000.00).

The principal estimated in a "Notice of Intention to Commence Mining
Operations and a Mining and Reclamation Plan," filed with the Division of Oil,
Gas and Mining on the 30th day of September,
19 83, that 88 acres of land will be affected by this mining
operation in the State of Utah. A description of the affected land is attached
hereto as Exhibit "A."

When the Division has determined that the principal has satisfactorily
reclaimed the above-mentioned lands affected by mining in accordance with the
approved Mining and Reclamation Plan and has faithfully performed all
requirements of the Mined Land Reclamation Act, and complied with the Rules
and Regulations adopted in accordance therewith, then this obligation shall be
void; otherwise it shall remain in full force and effect until the reclamation
is completed as outlined in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
piecemeal or cyclic basis, and the land is reclaimed in accordance with such
plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

The Division shall only accept the bond of a surety company if the bond is
noncancellable by the surety at any time for any reason including, but not
limited to nonpayment of premium or bankruptcy of the permittee during the
period of liability.

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officers with the seal of the corporation affixed.

WESTERN STATES MINERALS CORPORATION
Principal (Company)

By Robert A. Hurd
Company Official - Position
Robert A. Hurd, Asst. Secy-Treas.

Date: 9/30/83

THE AMERICAN INSURANCE COMPANY
Surety (Company)

By Betty J. Biskey
Official of Surety - Position
Betty J. Biskey, Attorney-in-Fact

DATE: 9/30/83

BOARD:

Greg E. Will

DATE: 12/15/83

State of Minnesota }
County of Hennepin } ss:

On September 30, 1983
therein, duly commissioned and sworn, personally appeared

Betty J. Biskey

, before me, a Notary Public in and for said County and State, residing

known to me to be Attorney-in-Fact of The American Insurance Company
the corporation described in and that executed the within and foregoing instrument, and known to me to be the person who executed
the said instrument in behalf of the said corporation, and he duly acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.

My Commission Expires
JULIE SANTMAN
NOTARY PUBLIC - MINNESOTA
HENNEPIN COUNTY
My Commission Expires July 16, 1988
360212-6-66

Julie Santman
Notary Public

GENERAL
POWER OF
ATTORNEY

1 AMERICAN INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That THE AMERICAN INSURANCE COMPANY, a Corporation duly organized and existing under the laws of the State of New Jersey, and having its principal office in the City and County of San Francisco, California, has made, constituted and appointed, and does by these presents make, constitute and appoint

J. D. CHANDLER, M. L. LIVELY, JOHN H. GLIEDEN, JOHN A. ALKIRE,
BETTY J. BISKEY and GORDON C. MOORE

jointly or severally
its true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred in its name, place and stead, to execute, seal, acknowledge and deliver any and all bonds, undertakings, recognizances or other written obligations in the nature thereof -----

and to bind the Corporation thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Corporation and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises.

This power of attorney is granted pursuant to Article VIII, Section 30 and 31 of By-laws of THE AMERICAN INSURANCE COMPANY now in full force and effect.

"Article VIII, Appointment and Authority Assistant secretaries, and Attorney-in-Fact and Agents to accept Legal Process and Make Appearances.

Section 30, Appointment. The Chairman of the Board of Directors, the President, any Vice-President or any other person authorized by the Board of Directors, the Chairman of the Board of Directors, the President or any Vice-President, may, from time to time, appoint Resident Assistant Secretaries and Attorneys-in-Fact to represent and act for and on behalf of the Corporation and Agents to accept legal process and make appearances for and on behalf of the Corporation.

Section 31, Authority. The Authority of such Resident Assistant Secretaries, Attorneys-in-Fact, and Agents shall be as prescribed in the instrument evidencing their appointment, and any such appointment and all authority granted thereby may be revoked at any time by the Board of Directors or by any person empowered to make such appointment."

This power of attorney is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of THE AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 28th day of September, 1966, and said Resolution has not been amended or repealed:

"RESOLVED, that the signature of any Vice-President, Assistant Secretary, and Resident Assistant Secretary of this Corporation, and the seal of this Corporation may be affixed or printed on any power of attorney, on any revocation of any power of attorney, or on any certificate relating thereto, by facsimile, and any power of attorney, any revocation of any power of attorney, or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Corporation."

IN WITNESS WHEREOF, THE AMERICAN INSURANCE COMPANY has caused these presents to be signed by its Vice-President.

and its corporate seal to be hereunto affixed this 29th day of November 19 82 .



THE AMERICAN INSURANCE COMPANY

By Richard Williams
Vice-President

STATE OF CALIFORNIA,

CITY AND COUNTY OF SAN FRANCISCO

} ss.

On this 29th day of November, 19 82, before me personally came Richard Williams to me known, who, being by me duly sworn, did depose and say: that he is Vice-President of THE AMERICAN INSURANCE COMPANY, the Corporation described in and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year herein first above written.



Susie K. Gilbert
Notary Public

CERTIFICATE

STATE OF CALIFORNIA,

CITY AND COUNTY OF SAN FRANCISCO

} ss.

I, the undersigned, Resident Assistant Secretary of THE AMERICAN INSURANCE COMPANY, a NEW JERSEY Corporation, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force and has not been revoked; and furthermore that Article VIII, Sections 30 and 31 of the By-laws of the Corporation, and the Resolution of the Board of Directors, set forth in the Power of Attorney, are now in force.

Signed and sealed at the City and County of San Francisco. Dated the 30th day of September, 1983 .



Loretta E. Anstey
Resident Assistant Secretary



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Dianne R. Nielson, Ph.D., Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

October 15, 1984

Mr. Robert Roggenthen
Project Manager
Western States Minerals Corporation
4975 Van Gordon Street
Wheatridge, Colorado 80033

Dear Mr. Roggenthen:

RE: Reclamation Surety, Drum Mine, ACT/027/007, Millard
County, Utah

Please find enclosed a copy of the fully executed reclamation bond which was never copied to you upon being signed by the Board. I apologize for this oversight and hope that it has not caused you any inconvenience. If you have any questions, please call.

Sincerely,

James W. Smith, Jr.
Administrator
Mineral Resource Development
and Reclamation Program

btb
Enclosure
cc: Pam Grubaugh-Littig
88190-21